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**THREE BROTHERS ARRESTED FOR ALLEGEDLY EVADING MILLIONS OF  
DOLLARS IN STATE TAXES ON SALE OF TOBACCO PRODUCTS**

CHICAGO – Three brothers were arrested early today – two in south suburban Burbank and the third in Lakeland, Fla. – on federal charges filed in Chicago for allegedly defrauding the State of Illinois of millions of dollars in excise taxes on the sale of tobacco products. Agents with the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) arrested the three men at their homes this morning without incident and at the same time seized a large quantity of tobacco products in Illinois and Florida. The defendants, **Omar Dahla** and **Faride Dahla**, both of Burbank, and **Samer Dahla**, of Lakeland, Fla., were each charged with mail fraud in a criminal complaint that was unsealed following their arrests, announced Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois, and Andrew L. Traver, Special Agent-in-Charge of ATF in Chicago.

Omar Dahla, 41, and Faride Dahla, 44, were expected to appear at 3:30 p.m. today before Magistrate Judge Michael Mason in U.S. District Court in Chicago. Samer Dahla, 30, will have his initial court appearance in the Middle District of Florida.

ATF agents this morning seized several trailers of tobacco products from a warehouse at the Dahla brothers' business, United Brothers Five, 5301 W. 65<sup>th</sup> St., in Bedford Park, as well as the

contents of two bank accounts in the name of Tobacco Island, a business controlled by the Dahlas along with another company they owned called Main Street Tobacco, Inc.

“Illicit tobacco diversion is a growing problem that affects the State of Illinois based on the high state tax rate,” said Mr. Traver. “Diverting legal tobacco products for illegal means is a sophisticated way of amassing large sums of money. ATF is committed to investigating groups involved in alcohol and tobacco diversion, money laundering, and fraud of state and local entities of their respective taxes. This case highlights the great working relationship between ATF, the Illinois Department of Revenue and the Florida Department of Alcohol and Tobacco.”

According to the complaint affidavit, since at least 2003 Omar and Samer Dahla, assisted by Faride Dahla, other family members and unnamed Individuals A and B, defrauded the Illinois Department of Revenue of millions of dollars in excise taxes by grossly under-reporting the amount of taxable sales of what are known as “other tobacco products” (OTP), such as chewing tobacco, snuff, pipe tobacco and cigars, to retailers and consumers in Illinois. The category of other tobacco products generally includes any non-cigarette tobacco goods.

The affidavit alleges that the Dahlas made frequent taxable sales of other tobacco products to Illinois retailers and consumers and diverted all cash proceeds to the structured purchase of money orders, which they sent by express mail courier to Florida. The proceeds were deposited into the Florida checking accounts of Tobacco Island, a Dahla-owned tobacco products distribution business. The alleged fraud scheme evaded the full payment of the 18 percent excise tax that Illinois imposes on the sale of other tobacco products to retailers and consumers in the state. Portions of the diverted proceeds were used to purchase tobacco products, while other portions of the proceeds were diverted to the personal use of Dahla family members, the complaint alleges.

According to the affidavit, purchases of other tobacco products by distributors and retailers for delivery outside Illinois are exempt from the Illinois OTP excise tax. However, the distributor

is required to submit a monthly report to the state Revenue Department documenting any tax-exempt sale of OTP by obtaining certain information from the purchaser, including a statement that the tobacco products are for resale other than sale to consumers or is for delivery outside of Illinois.

As part of the fraud scheme, the charges allege that Omar and Samer Dahla placed or caused to be placed telephone or fax orders to tobacco suppliers located outside Illinois and Florida for the purchase and delivery to United Brothers Five in Illinois or to Tobacco Island in Florida. The tobacco products then were shipped either directly or via Tobacco Island to the United Brothers Five warehouse in Bedford Park. The Dahlas then sold the tobacco goods from the Bedford Park facility to Chicago area retailers or consumers, receiving payment principally in cash and checks. The cash proceeds, which constituted the majority of sales, was allegedly used to purchase money orders from multiple currency exchanges or money remitters in the Chicago area, and then sent to Samer Dahla for deposit into one of two Tobacco Island accounts. According to the affidavit, between March 2004 and February 2006, more than \$10 million in money orders and cashiers checks issued by Chicago area currency exchanges were deposited into the two Tobacco Island accounts in Florida.

The government is being represented by Assistant U.S. Attorney Patrick McGovern.

If convicted, mail fraud carries a maximum penalty of 20 years in prison and a \$250,000 fine. As an alternative, the Court may impose a maximum fine equal to twice the loss to any victim or twice the gain to any defendant, whichever is greater. Restitution is mandatory and the Court would determine the appropriate sentence to be imposed.

The public is reminded that a complaint contains only charges and is not evidence of guilt. The defendants are presumed innocent and are entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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